



Hong Kong Investment Funds Association

(company incorporated with limited liability 有限責任公司)

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February 16, 2016

Hon Andrew Leung Kwan-yuen, GBS, JP
 Chairman of the Bills Committee on
 Inland Revenue (Amendment) Bill 2016
 Legislative Council Complex
 1 Legislative Council Road
 Central, Hong Kong

Dear Mr. Leung,

Re: Inland Revenue (Amendment) Bill 2016 (“the Bill”) – Automatic Exchange of Financial Account Information in Tax Matters (“AEOI”)

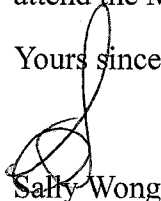
Thank you for inviting the Hong Kong Investment Funds Association (“HKIFA”) to provide our views on the Bill, which aims to introduce a legal framework for Hong Kong to implement the new AEOI standards.

The fund management industry is in general supportive of this initiative. We are committed to embracing AEOI as this is an integral part of the international initiative to enhance transparency and combat tax avoidance. We believe that it is pivotal for Hong Kong, being a premier financial centre, to adopt this as we need to move in line with international best practices.

Inevitably, AEOI will pose challenges to the financial services industry as well as to the investors. However, in the consultation and deliberation process, the Government has already been reaching out to the stakeholder groups to understand the potential issues and use its best endeavors to come up with possible solutions. We will continue to work with the relevant authorities on the technical details, which can be embedded in the guidelines and/or departmental practice notes to facilitate implementation. We are confident that with such a rigorous and thorough deliberation process, an optimal framework can be developed.

If you have further questions, please don't hesitate to contact me on 2537 9912. I will attend the March 1 meeting on behalf of HKIFA.

Yours sincerely,



Sally Wong
 Chief Executive Officer

Attachment: Appendix 1, backgrounder of the Association

Hong Kong Investment Funds Association

Appendix 1

Hong Kong Investment Funds Association - Introduction

The Hong Kong Investment Funds Association (“HKIFA”) is an industry body that represents the fund management industry in Hong Kong. It was incorporated in 1986 as a company limited by guarantee.

The HKIFA has two major roles, namely consultation and education. On consultation, it acts as the representative and consulting body for its members and the fund management industry generally in all dealings concerning the regulation of unit trusts, mutual funds, retirement funds and other funds of a similar nature. Towards this end, it reviews, promotes, supports or opposes legislative and other measures affecting the fund management industry in Hong Kong. Another very important task is to educate the public about the role of investment funds in retirement planning and other aspects of personal financial planning.

The HKIFA has four categories of members, namely full member, overseas member, affiliate member and associate member. A fund company can qualify as a full member or an overseas member if it is either the manager or the investment adviser of at least one Investment Fund.

An “Investment Fund” means

- an authorized unit trust/mutual fund; or
- a pooled retirement fund authorized under the Code on Investment-Linked Assurance Schemes or the Code on Pooled Retirement Funds; or
- a retirement scheme registered under the Occupational Retirement Schemes Ordinance; or
- a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance; or
- a closed-end investment company listed on a recognized exchange.

A full member must be a company incorporated in Hong Kong or if it is incorporated outside Hong Kong, has established a place of business in Hong Kong whereas an overseas member must be a company incorporated outside Hong Kong.

An affiliate member is a company that has obtained a licence from the Hong Kong Securities and Futures Commission for type 9 regulated activities or it is a fund company incorporated in the People’s Republic of China; and its primary business is fund management including the management of discretionary accounts, segregated portfolios or providing investment management services for non-collective investment schemes or the manager or investment adviser of any fund investment company or arrangement not included as an Investment Fund.

An associate member is a company conducting or providing any service of accounting, legal, trustee, custodian, administration, banking, distribution, and technological support to the fund management industry or any related professional services.

At present, HKIFA has 66 fund management companies as full/overseas members, managing about 1,170 SFC-authorized funds. Assets under management were about US\$960 billion as at the end of December 2015. In addition, we have 64 affiliate and associate members.

<http://www.hkifa.org.hk>

(Updated: January 2016)